



Department of Justice

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FORMER NEW YORK HOSPITAL EMPLOYEE PLEADS GUILTY TO BID RIGGING

WASHINGTON — A former New York hospital employee pleaded guilty for his role in a conspiracy involving bid rigging and contract allocation for the supply of telecommunications equipment and services to Mount Sinai School of Medicine and the Mount Sinai Hospital (Mount Sinai), the Department of Justice announced.

Stephen Cogliano of Staten Island, N.Y., a former information technology network employee at Mount Sinai, pleaded guilty today in U.S. District Court in Manhattan to one count of conspiracy to rig bids and allocate contracts for the supply of telecommunications equipment and services to Mount Sinai from approximately January 2001 through October 2004.

“The Department of Justice remains vigilant in its efforts to protect competition for American businesses and consumers by prosecuting those who defraud their employers and deprive the public of the benefits afforded by a truly competitive bidding process,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

The Mount Sinai Hospital is a 1,171-bed tertiary care teaching hospital that serves the New York metropolitan area with a medical staff of nearly 1,800. In addition to its medical education efforts, Mount Sinai's School of Medicine performs clinical and basic-science research. Both the hospital and the school jointly operate an information technology department, located within the Mount Sinai Medical Center in Manhattan, that assists various departments and facilities in creating and maintaining their telecommunications infrastructures. This assistance includes selecting and contracting with third party telecommunications vendors in order to install equipment such as voice and data cables in Mount Sinai facilities.

Cogliano and another Mount Sinai employee were responsible for obtaining bids from vendors of telecommunications equipment and services on behalf of Mount Sinai. They were also responsible for supervising these vendors and reviewing and authorizing their invoices for payment. According to the Department, Cogliano received payments from individuals associated with two telecommunications vendors in exchange for helping steer contracts to those companies. Cogliano opened a bank account under the name of a consulting company in May 2003 that was primarily used to conceal illegal payments received from the vendors.

The bid-rigging charge, a violation of the Sherman Act, carries a maximum penalty of 10 years in prison, three years of supervised release, and a \$1 million fine for an individual. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory

maximum fine. In addition, the defendant could be ordered to pay restitution to the victim for the full amount of that victim's loss.

This charge arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the telecommunications equipment and services industry. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation (FBI) and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the telecommunications equipment and services industry should contact the New York Field Office of the Antitrust Division at 212-264-9308 or the New York Division of the FBI at 212-384-3252.

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